



The Royal College of Pathologists
Pathology: the science behind the cure

Annual report and financial statements
For the year ended 30 June 2016

Registered charity number 261035



The Royal College of Pathologists
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**INVESTORS
IN PEOPLE**

The Royal College of Pathologists
Index to the financial statements

	<u>Page</u>
Report of the Trustees	1 - 10
Report of the Auditors	11 - 12
Consolidated Statement of Financial Activities	13
Balance Sheets	14 – 15
Cash flow statement	16
Accounting Policies	17 - 19
Notes to the Financial Statements	19 - 29

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2016

The Trustee Board are pleased to present their report together with the financial statements of the College for the year ended 30 June 2016.

Objectives & activities

The College's mission is to promote excellence in the practice of pathology and to be responsible for maintaining standards through training, assessments, examinations and professional development, to the benefit of the public. The trustees have complied with the duty in the Charities Act 2011 to have due regard to guidance published by the Charity Commission, including public benefit guidance.

Pathology is the science at the heart of modern medicine, vital for the understanding, diagnosis and planning clinical management of disease. 70 – 80% of all health care decisions affecting diagnosis or treatment involve a pathology investigation. *(Department of Health, England. Report of the Review of NHS Pathology Services in England, chaired by Lord Carter of Coles, 2006.)*

Pathologists study the causes of disease and the ways in which disease processes affect our bodies. Recognising the patterns that disease takes allows us to understand what's at the root of a problem, enabling accurate diagnosis. Following up this understanding helps treatments to be devised and preventative measures to be put in place.

The fact that much pathology goes on behind the scenes may account for the fact that many people are almost unaware of its ongoing contributions to modern medicine. Without the work of pathologists there could be no firm answers, and improving or even maintaining the quality of medical care would be impossible.

The College's unique role ensures that high quality standards of knowledge and expertise are maintained in all areas relating to pathology. The College ensures that pathologists are qualified and up to date in their practice by:

- Setting standards for education and training in pathology
- Examining against these standards
- Providing a leading continuing professional development programme
- Running scientific seminars and expert workshops on a national and regional basis

The College looks after the interests of patients by:

- Working with organisations such as Lab Tests On-Line and Labs are Vital as a resource for patients to find out about the various clinical tests that are used in their diagnosis and treatment
- Ensuring lay representation on all major College committees
- Providing advice to pathologists and governments
- Producing guidelines and other documents that set standards of best practice

The College helps in the search for cures to disease by committing to strengthening the research base of the specialty. This is achieved through:

- Supporting fellows and trainees who undertake research activities as part of their day to day work
- Awarding bursaries and prizes for research.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2016

Objectives & activities (continued)

The College has a public engagement programme whose aims include inspiring secondary school students to learn about science through an innovative and creative programme focusing on health and disease. The goals of this programme are to:

- Raise awareness of pathology and its crucial role in treating and curing disease
- Increase interest in pathology as a career option
- Contribute to the wider initiative of engaging the public in contemporary science
- Support the teaching of science in secondary schools
- Change attitudes towards science, in particular pathology

Activities

To achieve the objectives stated above, the significant activities undertaken by the College during the year under review can be broken down into the following areas:

Postgraduate education, examinations and assessments:

- The setting of standards for training in pathology, including issuing competency based curricula for chemical pathology, histopathology, medical microbiology, virology, diagnostic neuropathology, forensic histopathology, and paediatric & perinatal pathology.
- Administering pathology training through the Education Forum and College Specialist Training Committees, who advise on all major issues relating to specialist training in pathology.
- Providing an on-line training portfolio to allow registered trainees to record their progress in training.
- Running the part 1 and part 2 examinations in the 19 pathology specialties.
- Running the Diploma examinations in forensic pathology, cytopathology and dermatopathology.
- Recommending individuals for the award of a Certificate of Completion of Training (CCT) to the General Medical Council (GMC) in chemical pathology, diagnostic neuropathology, forensic histopathology, histopathology, medical microbiology, medical virology, and paediatric & perinatal pathology.
- Recommending to the GMC whether or not the training and/or qualifications and experience of pathologists applying to the Specialist Register under the Certificate of Equivalence of Specialist Registration (CESR) rules is equivalent in content and duration to that required for a CCT.
- Managing the sponsorship of international medical graduates for registration with the GMC.
- Responding to initiatives from the Department of Health such as Modernising Medical Careers.
- Managing the continuous development, implementation and evaluation of workplace based assessments for medical and clinical scientist trainees.
- Supporting training through the provision of e-learning materials.
- Management of the process of admission to membership by published works.

Professional standards

- Providing a leading continuing professional development programme for the membership, that is additionally open to non-members.
- Administration of the Professional Performance Panel dealing with problem cases in all disciplines of pathology, and the production of guidelines relating to professional performance.
- The provision of revalidation advice to Responsible Officers, appraisers and individual doctors from a pathology specific perspective.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2016

Activities (continued)

Consultancy services

- The provision of consultancy services to NHS Trusts or commissioners where an authoritative independent review is required on the provision of high quality pathology services.

Clinical Effectiveness

- Providing guidance on best practice with regard to clinical audit and audit of individual performance. The provision of guidance on the maintenance of professional standards and working with the National Institute for Health and Care Excellence, National Patient Safety Agency and other organisations to contribute to national guidelines and audit.
- Through our sustaining membership of the International Collaboration on Cancer Reporting, the production of common and internationally validated and evidence based pathology datasets for cancer reporting for use throughout the world.
- The production of guidelines on best practice.

Workforce

- To maintain standards in pathology by approving job descriptions and overseeing the College's statutory role in consultant advisory appointment committees.
- The collection of data on the pathology workforce and the provision of advice on workforce planning for the pathology specialties.

Conferences and academic activities

- Management of the programme of in-house symposia designed to keep participants up to date with current thinking and practice in the pathology disciplines.

Advisory committees

- Much of the work of the College is achieved through sub committees. These activities manage and service the College's committees, specialty advisory committees, intercollegiate and joint committees, and working parties.
- Committees deal with generic matters crossing all pathology specialties whilst the specialty advisory committees advise on specialty specific matters such as histopathology and microbiology, etc.
- Servicing the lay governance group so as to ensure lay involvement in the College decision making process.
- Coordinating the work of the College's councils for England, Northern Ireland, Scotland and Wales.

Communications and public engagement

- Production of the quarterly publication "The Bulletin" distributed to members and subscribers.
- Maintaining the College's web site, including the members' area, ensuring that it is up to date.
- Proactively handling media enquiries relating to pathology.
- Production of the monthly e-newsletter available to members.
- Production of a range of publications and guidelines on best practice in pathology.
- Running the public engagement programme, including National Pathology Week and International Pathology Day.

Education centre

- The running of scientific meetings, symposia and training courses by third party organisers.
- Deals with all other College meetings and events.

**The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2016**

Activities (continued)

International development

- Supporting the development of pathology and laboratory medicine and training services internationally, including establishing overseas examination centres.
- Organising visits by College fellows to Ghana and Malawi as visiting lecturers to teach on a range of subjects.
- Fostering international strategic partnerships, collaborations and alliances.
- Establishing international development and exchange programmes between the UK and overseas.

Volunteers

Many members give their time freely to help the College achieve its objects by attending committee meetings, sitting on working parties, acting as examiners, commenting on reports, acting in a local liaison capacity, assisting with the public engagement programme, or undertaking some other task or function on behalf of the College. The trustee board is greatly indebted to these individuals for their commitment and support.

Achievements & performance

The College produces a full Annual Report, which should be consulted for a further analysis of the achievements and performance of the College for the year to 30th June 2016, but some highlights include:

The College has drawn up plans and obtained full planning permission for the major redevelopment of its new premises at 6-8 Alie Street which will happen over the next two years. The demolition contract has been tendered and awarded and the work commenced in June.

The College website has been completely redeveloped with a much more user friendly layout and structure, and went live in November 2015. The seamless integration with the main contact relationship management system, and single sign on across the remainder of College databases is a significant step forward.

Investment performance

The performance of the College's investment portfolio up until 31 December 2015 was independently benchmarked by the WM Company against their unconstrained charity universe. This universe represents the performance of UK charity funds with discretionary mandates. For the calendar year ended 31st December 2015 the portfolio returned a positive 1.7%. Over a 5 year period the return was 4.9% per annum, and over 10 years 5.3% per annum. WM have ceased to provide this service to clients going forward and alternative benchmarks will be used for future periods.

Financial review

Total income for the year amounted to £4.8 million, and excluding the extraordinary receipts relating to the disposal of 2 Carlton House Terrace, compare favourably with the prior year. Subscriptions remain the largest source of income followed by postgraduate education and examinations. A one off VAT capital goods scheme repayment of £104k was received as a result of the sale of the former College premises. A new revenue source of accreditation for scientific meetings commenced in late 2015 and is providing a useful source of funding for the College.

The Royal College of Pathologists Report of the Trustees for the year ended 30 June 2016

Financial review (continued)

Expenditure amounted to £5.3 million, which includes the additional costs of renting temporary premises until the new building is complete. In November we relaunched the College's web site with a fresh and modern look and will continue to invest in and develop this resource over the coming year.

Last year we reported the various property transactions and the plans to redevelop the Alie Street building. During the year the designs have been firmed up and costed and a formal planning application was made to the London Borough of Tower Hamlets, with the official consent being granted in March. The contract for the demolition of the existing building was tendered and awarded, and works have commenced which are expected to be finished in November. The tender for the main build contract is well under way with the contractor expected to be appointed in late summer. The main works are envisaged to commence in November 2016 for completion in the third quarter of 2018. To fund the project the College will be using the proceeds received from the sale of 2 Carlton House Terrace, together with a commercial mortgage facility that has been entered into with the College's bank, with the balance being funded from the College's own reserves.

The facilities that will be available in the new building include a 200 seat lecture theatre on the first floor, several break out and smaller meeting rooms on other floors, space to house the College administrative staff and officers together with expansion space for the future that will be let out on a commercial basis to generate income for the College until the space is needed. It is hoped that the lecture theatre and meeting rooms will be let out for hire when not needed for the College's own purposes, again generating revenue offsetting the running costs of the building. A members' room and library will be available on the ground floor. The additions to the building in the year to 30 June amounted to £2.3 million.

Reserves

The trustee board has established a reserves policy, whereby the unrestricted funds not committed or invested in tangible fixed assets, or designated for specific purposes (the 'free reserves') held by the College, should normally be sufficient to allow the College to operate without income for up to 18 months. This level of reserves is essential, because our income is not guaranteed and can be subject to significant fluctuations year on year.

The College's reserves ensure that short term changes in revenue will not materially affect the College's activities, secures the long term funding of the College and enables the College to meet its duties under statute and its Royal Charter to promote standards of education and practice of pathology. This level of reserves would also enable the College to address any unforeseeable ad-hoc expenditure arising from topical issues in pathology, which the College feels should be addressed. At 30th June 2016 the level of free reserves of £4.8 million equated to just over 12 months income cover.

Designated funds

Designated funds are funds set aside by Council out of unrestricted general funds for specific future purposes or projects, and are excluded from the value of the College's free reserves. An explanation of the College's designated funds is given in note 22 to these accounts.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2016

Financial review (continued)

Investment policy and objectives

The trustee board may invest funds of the College in such stocks, funds, shares, or securities and other investments within the United Kingdom or elsewhere as the board sees fit, provided that the board is satisfied that such investment is not speculative, and will not expose such monies and other investments to undue risk. The trustee board is restricted from investing in companies directly engaged in the supply or sale of tobacco or whose activities include a significant component of arms manufacture or sales.

The trustee board's investment policy is to maximise the return on investments taking the medium to long-term view with a moderate level of risk. The capital value of the portfolio should be protected in line with the objective of generating an annual rate of return of inflation, as defined by the CPI, plus 4% over a 5 year basis after expenses.

Pension scheme

The College is a participating employer in the SAUL pension scheme. The technical provisions deficit at the 31st March 2014 valuation is being addressed by increasing the level of employers' contribution by 3% of salaries between 1 April 2016 and 31 March 2018. The liability recognised by the College at 30th June 2016 in respect of the deficit contributions from 1 July 2016 to 31 March 2018 amounts to £98k. Further details on the pension scheme are contained in note 11 to the accounts.

Risk management

The principal risks faced by the College are in relation to the redevelopment of the new premises at 6-8 Alie Street and the failure to update or innovate IT systems.

The risks associated with the Alie Street development have been mitigated by retaining expert firms of advisors, including property development project managers, cost consultants, architects, structural engineers, and mechanical electrical and plant engineers, together with a host of other consultants as necessary to provide an independent expert view and advice. To mitigate against the time overruns on the project the College has negotiated a suitable lease period on its temporary premises, with the ability to give notice to terminate before the fixed end date.

The IT risks are mitigated by conducting regular reviews of equipment and software.

Auditors

A resolution will be proposed at the Annual General Meeting that Messrs Coulthards Mackenzie be re-appointed as auditors to the College for the ensuing year.

Plans for future periods

The College will continue to undertake the work as set out above in the objectives and activities section. The College's forward plan 2016 – 2018 contains 91 objectives to be undertaken during this period, some highlights of which are below.

The contract for the demolition of the new premises at Alie Street is under way and is expected to finish in November. We will be tendering for the main construction of a new state of the art, circa 45,000 square foot premises, that will contain lecture theatres, meeting rooms, office and other accommodation and have sufficient expansion space for the next 50 years or so for the College's use. It is expected that the construction will commence towards the end of 2016 for completion in the second half of 2018.

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2016

Plans for future periods (continued)

We will be continuing the redevelopment of the College web site launching phase 2 in the latter half of 2016. In addition we will be continuing the phased implementation and development of the examinations e-management system.

As part of the College's public engagement programme we will again be running the successful National Pathology Week, and additionally International Pathology Day, both of which will be held in November 2016.

We will be working with e-Learning for Healthcare to build on the input from e-learning leads to design and produce new e-learning modules for trainees and fellows across the major specialties. This will support the learning objectives of the College's curricula as well as supporting individual revalidation. We will also be developing a strategy and guidance in support of digital microscopy.

We will deliver an ongoing commitment to the Academy of Medical Royal Colleges Choosing Wisely initiative and provide subject matter that captures the public interest. We will continue developing processes and structures for training medical examiners of the cause of death to support the training of individuals taking up these new roles and to support their professional development.

We will be reviewing the College brand to decide whether or not it is still fit for purpose or requires modification or considerable change that will incorporate all sub brands and the move to the new premises.

We will lay the foundations for supporting and mobilising the capacity and capability of the UK pathology workforce to respond effectively to international requests for assistance by developing a database of skills and opportunities, and a training course for members interested in overseas volunteering. We will work with the College's key stakeholders and partners to establish an international training support scheme to support overseas doctors and scientists to sit the College's part 1 and part 2 examinations. We will be developing a programme of global health challenge events aimed at engaging the College's members and raising funds to support the College's international and global health activities.

Structure, Governance & Management

The College of Pathologists was founded on 21 June 1962 and was incorporated under Royal Charter on 28 February 1970, and registered as a Charitable Trust on 28 April 1970. The College is governed by its Royal Charter, Ordinances and By-laws, the "governing documents". A revised set of governing documents received Privy Council approval in December 2013.

The Trustee Board is responsible for the structure, governance and management of the College, including financial matters. Members of the board are the trustees of the College. College council is a committee that reports to the trustee board and is responsible for the clinical, educational and professional functions of the College. Council has sub committees, including standing advisory committees, examinations and training committees, and regional councils.

The trustees who served during the year are set out below. Trustees are elected for a three year term of office after which they may serve again only after a one year gap, unless elected to another honorary officer role. The Treasurer and Registrar can serve for a maximum of two consecutive three-year terms of office. The honorary officers are elected by the fellowship as a whole from amongst the fellows, although there are a number of honorary officers still serving their roles who were elected by council from amongst the fellows under the pre 2013 rules.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2016

Structure, Governance & Management (continued)

The members of the regional councils for Northern Ireland, Scotland and Wales are elected by the fellows in that region. The regional council then elects its chair, who serves as a trustee on the trustee board. Under the new governance arrangements the chair of the regional council and trustee representing that region will be elected directly by the fellows in the particular region. Members of the English regional council are elected from among the fellows in England, and is chaired by the President.

Trustees take decisions in the best interests of the College as a whole. They operate in accordance with a code of conduct that makes explicit reference to objectivity in decision-making. A register of interests is maintained in respect of each member of the trustee board and council. On appointment to office trustees receive an induction pack and are invited to attend the annual induction training meeting.

The trustee board approves the College's annual budget and five year plan. Once approved, the implementation of the plan is delegated to the staff, who have the authority to work within the parameters set by the board. Decisions of a strategic nature, or items outwith the agreed plan, must be referred to the board.

The College wholly owns a subsidiary company, RCPATH Trading Limited, which undertakes certain trading activities. The directors of the company are the College's President, Treasurer and Chief Executive. The trustee board requires that the taxable profits of the company be paid to the College under gift aid.

Responsibilities of the Trustees

The trustees of the College are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College at the end of the financial year and of the surplus or deficit of the College for that period. In preparing these financial statements, the trustee board have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Followed applicable accounting standards;
- Prepared the financial statements on the going concern basis.

The trustee board are responsible for ensuring proper accounting records are kept, which disclose with reasonable accuracy the financial position of the College. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Key management personnel remuneration

The trustees consider the board of trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the College on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in notes 6 and 10 to the accounts.

The pay of all staff, including the senior staff, is reviewed annually, subject to affordability. In view of the nature of the charity, the trustees benchmark against pay levels in the London not for profit sector of a similar size. The remuneration bench-mark is the median of the range paid for similar roles. A new job evaluation and grading system and salary structure for all College staff is being developed by external consultants for implementation in the ensuing financial year.

**The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2016**

Structure, Governance & Management (continued)

Statement of disclosure to auditor

So far as the trustees are aware, there is no relevant audit information of which the College's auditors are unaware. Additionally the trustees have taken all the steps they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Reference & administrative details

Principal Office

The Royal College of Pathologists, 4th Floor, 21 Prescot Street, London E1 8BB.
Telephone: 020 7451 6700
Facsimile: 020 7451 6701
E-mail: info@rcpath.org
Website: www.rcpath.org
Registered charity number: 261035

Trustees

Those who served as trustees during the year were as follows:

Dr Suzy Lishman	President	
Dr David Bailey	Vice President	
Sir Rodney Brooke	Lay trustee	(Appointed 12 November 2015)
Dr David Cassidy	Treasurer	
Dr Bernie Croal	Chair Scotland regional council	
Prof Tim Helliwell	Vice President	
Dr Rachael Liebmann	Registrar	
Mr Tommy McIlravey	Lay trustee	(Appointed 12 November 2015)
Dr Lance Sandle	Vice President	
Dr Peter Sharpe	Chair Northern Ireland regional council	
Ms Avril Wayte	Chair Wales regional council	(Demitted 12 November 2015)
	Assistant Registrar	
Dr Esther Youd	Chair Wales regional council	(Appointed 12 November 2015)

Senior Staff

Daniel Ross	Chief Executive
Joanne Brinklow	Head of Educational Standards
Diane Gaston	Head of Communications
Yvonne Hanly	Head of Corporate Services (to 15 April 2016)
Stella Macaskill	Head of Professional Standards
Nigel Pollard	Head of Corporate Services (from 3 May 2016)

Professional advisors to the College

Auditors: Coulthards Mackenzie, 9 Risborough Street, London SE1 0HF.

Taxation advisors: Crowe Clark Whitehill, St. Bride's House, 10 Salisbury Square, London EC4Y 8EH.

**The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2015**

Professional advisors to the College (continued)

Property advisors:	CBRE, Henrietta House, Henrietta Place, London W1G 0NB.
Solicitors:	IBB Solicitors, Capital Court, 30 Windsor Street, Uxbridge UB8 1AB. Bond Dickinson, 4 More London Riverside, London SE1 2AU.
Stockbrokers:	Canaccord Genuity, 41 Lothbury, London EC2R 7AE.
Bankers:	HSBC Bank, 69 Pall Mall, St. James's, London SW1Y 5EY.
Insurers:	Sydney Packett & Sons Limited, Salts Wharf, Ashley Lane, Shipley, West Yorkshire BD17 7DB.

Approved by the Trustee Board and signed on their behalf by:



Dr Suzy Lishman
President
28 July 2016

Independent Auditor's report to the Trustees of The Royal College of Pathologists

We have audited the financial statements of The Royal College of Pathologists for the year ended 30 June 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Trustees, as a body, in accordance with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the College's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Trustee's Responsibility Statement the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. This includes an assessment of whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant estimates made by the Trustee Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of affairs of the College and its subsidiary as at 30 June 2016, and of their incoming resources and application of resources, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Charities Act 2011.

**Independent Auditor's report to the Trustees of
The Royal College of Pathologists**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- The information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- Sufficient accounting records have not been kept; or
- The financial records are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.



Coulthards Mackenzie
Chartered Accountants and
Registered Auditors

9 Risborough Street
London
SE1 0HF
28 July 2016

Coulthards Mackenzie are eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Royal College of Pathologists
Consolidated Statement of Financial Activities for the year ended 30 June 2016

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 30 June 2016 £	Total Funds 30 June 2015 £
Income and endowments from						
Donations & legacies	5	5,804	-	1,000	6,804	5,929
Incoming resources from charitable activities						
Subscriptions		2,937,572	-	-	2,937,572	2,753,407
Postgraduate education & examinations		1,217,424	-	-	1,217,424	1,235,672
International development		13,849	-	112,234	126,083	137,893
Conferences & academic activities		129,452	-	-	129,452	131,439
Professional standards		52,492	-	-	52,492	48,846
Clinical effectiveness		-	-	-	-	74,695
Communications & public engagement		11,945	-	150	12,095	9,627
Income from trading activities		11,401	-	-	11,401	38,265
Investment income	4	227,363	-	7,265	234,628	202,106
Other income		10,829	-	-	10,829	28,400
Surplus on disposal of functional property		-	104,574	-	104,574	22,100,179
Total income		4,618,131	104,574	120,649	4,843,354	26,766,458
Expenditure						
Cost of generating funds						
Raising funds		7,651	-	-	7,651	35,927
Expenditure on charitable activities						
Postgraduate education & examinations		1,654,303	-	-	1,654,303	1,395,988
International development		393,076	25,816	158,332	577,224	551,836
Conferences & academic activities		204,067	-	-	204,067	181,434
Research		-	-	7,403	7,403	(4,936)
Professional standards		406,503	-	-	406,503	422,412
Clinical effectiveness		223,745	8,181	1,610	233,536	450,001
Workforce		313,689	-	-	313,689	232,132
Clinical leadership		-	-	-	-	31,500
Communications & public engagement		1,213,797	54,667	11,641	1,280,105	1,119,407
Education centre		-	-	-	-	216,824
Advisory committees		626,470	-	-	626,470	517,845
Total expenditure	8	5,043,301	88,664	178,986	5,310,951	5,150,370
Net income / (expenditure) before investment gains / (losses)		(425,170)	15,910	(58,337)	(467,597)	21,616,088
Net gains / (losses) on investments	15	118,107	-	2,707	120,814	112,846
Net income / (expenditure)		(307,063)	15,910	(55,630)	(346,783)	21,728,934
Transfers between funds	21	(4,463,358)	4,479,344	(15,986)	-	-
Net movement in funds		(4,770,421)	4,495,254	(71,616)	(346,783)	21,728,934
Reconciliation of funds						
Total funds brought forward		10,624,935	24,787,234	657,275	36,069,444	14,340,510
Total funds carried forward	21	5,854,514	29,282,488	585,659	35,722,661	36,069,444


The notes on pages 17 to 29 form part of these accounts.

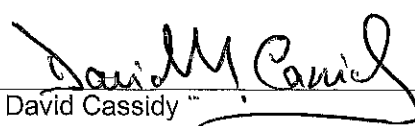
**The Royal College of Pathologists
Consolidated Balance Sheet as at 30 June 2016**

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 30 June 2016 £	Total 30 June 2015 £
Fixed Assets						
Tangible assets	14	1,138,125	17,520,794	-	18,658,919	16,441,592
Investments	15	2,170,431	3,449,023	255,986	5,875,440	5,718,260
Total fixed assets		3,308,556	20,969,817	255,986	24,534,359	22,159,852
Current assets						
Stocks	16	8,558	-	-	8,558	9,360
Debtors	17	454,836	-	89	454,925	340,115
Cash at bank and in hand		4,755,352	8,312,671	341,407	13,409,430	15,820,943
Total current assets		5,218,746	8,312,671	341,496	13,872,913	16,170,418
Liabilities						
Creditors: Amounts falling due within one year	18	(2,474,504)	-	(11,823)	(2,486,327)	(2,160,826)
Net current assets		2,744,242	8,312,671	329,673	11,386,586	14,009,592
Total assets less current liabilities		6,052,798	29,282,488	585,659	35,920,945	36,169,444
Creditors: Amounts falling due after more than one year						
Provisions for liabilities	20	(100,000)	-	-	(100,000)	(100,000)
Net assets excluding pension liability		5,952,798	29,282,488	585,659	35,820,945	36,069,444
Defined benefit pension scheme liability	1m	(98,284)	-	-	(98,284)	-
Total net assets		5,854,514	29,282,488	585,659	35,722,661	36,069,444
The funds of the College:						
Unrestricted funds	23	5,854,514	29,282,488	-	35,137,002	35,412,169
Restricted Funds	23	-	-	585,659	585,659	657,275
Total College funds		5,854,514	29,282,488	585,659	35,722,661	36,069,444

The notes on pages 17 to 29 form part of these accounts.

The financial statements were approved by the Trustee Board on 28th July 2016 and signed on behalf of the Trustee Board by


Dr Suzy Lishman
President

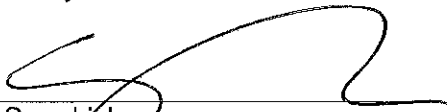

Dr David Cassidy
Treasurer

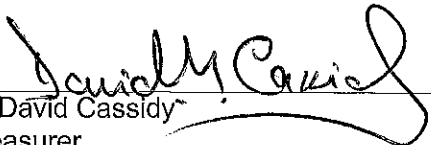
**The Royal College of Pathologists
Balance Sheet as at 30 June 2016**

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 30 June 2016 £	Total 30 June 2015 £
Fixed Assets						
Tangible assets	14	1,138,125	17,520,794	-	18,658,919	16,441,592
Investments	15	2,170,531	3,449,023	255,986	5,875,540	5,718,360
Total fixed assets		3,308,656	20,969,817	255,986	24,534,459	22,159,952
Current assets						
Stocks	16	8,558	-	-	8,558	9,360
Debtors	17	451,729	-	89	451,818	340,115
Cash at bank and in hand		4,753,166	8,312,671	341,407	13,407,244	15,820,445
Total current assets		5,213,453	8,312,671	341,496	13,867,620	16,169,920
Liabilities						
Creditors: Amounts falling due within one year	18	(2,469,311)	-	(11,823)	(2,481,134)	(2,160,428)
Net current assets		2,744,142	8,312,671	329,673	11,386,486	14,009,492
Total assets less current liabilities		6,052,798	29,282,488	585,659	35,920,945	36,169,444
Creditors: Amounts falling due after more than one year						
Provision for liabilities	20	(100,000)	-	-	(100,000)	(100,000)
Net assets excluding pension liability		5,952,798	29,282,488	585,659	35,820,945	36,069,444
Defined benefit pension scheme liability	1m	(98,284)	-	-	(98,284)	-
Total net assets		5,854,514	29,282,488	585,659	35,722,661	36,069,444
The funds of the College:						
Unrestricted funds	23	5,854,514	29,282,488	-	35,137,002	35,412,169
Restricted Funds	23	-	-	585,659	585,659	657,275
Total College funds		5,854,514	29,282,488	585,659	35,722,661	36,069,444

The notes on pages 17 to 29 form part of these accounts.

The financial statements were approved by the Trustee Board on 28th July 2016 and signed on behalf of the Trustee Board by


Dr Suzy Lishman
President


Dr David Cassidy
Treasurer

The Royal College of Pathologists
Consolidated cash flow statement for the year ended 30 June 2016

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 30 June 2016 £	Total Funds 30 June 2015 £
Cash used in operating activities	26	(97,908)	(88,664)	(60,149)	(246,721)	(518,751)
Cash flows from investing activities						
Dividends and interest received		227,363	-	7,265	234,628	202,106
Proceeds from the sale of property, plant and equipment		-	104,574	-	104,574	27,673,070
Purchase of property, plant and equipment		(2,467,629)	-	-	(2,467,629)	(16,523,889)
Proceeds from the sale of investments		1,001,687	-	3,386	1,005,073	645,209
Redesignation of assets between funds		3,047,653	(3,047,653)	-	-	-
Purchase of investments		(1,041,438)	-	-	(1,041,438)	(846,242)
Net cash (used in) / provided by investing activities		767,636	(2,943,079)	10,651	(2,164,792)	11,150,254
Cash flows from financing activities						
Transfers between funds		(4,463,358)	4,479,344	(15,986)	-	-
Net cash provided by / (used in) financing activities		(4,463,358)	4,479,344	(15,986)	-	-
Change in cash and cash equivalents in the year		(3,793,630)	1,447,601	(65,484)	(2,411,513)	10,631,503
Cash and cash equivalents brought forward at 1 July		8,548,984	6,865,068	406,891	15,820,943	5,189,440
Cash and cash equivalents carried forward at 30 June	27	4,755,354	8,312,669	341,407	13,409,430	15,820,943

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

(b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. No such restatement was required. The transition date was 1 July 2014.

(c) Public benefit entity

The College meets the definition of a public benefit entity under FRS 102.

(d) Going concern

The trustees consider that there are no material uncertainties about the College's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(e) Group financial statements

The financial statements consolidate the results of the College and its wholly owned subsidiary, RCPATH Trading Limited, on a line by line basis.

(f) Income

Income is included on a receivable basis. Income from subscriptions, trainee registration and fees for participation in the continuing professional development scheme are recognised in the accounting period to which the services covered by those fees relate. Fees received in advance are accounted for as deferred income within creditors.

Income from examinations and conferences & academic activities are included in the accounting period in which the examination or conference takes place.

(g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on charitable activities includes the costs of delivering examinations, training and educational activities undertaken to further the purposes of the College and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(h) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned, based on staff numbers engaged in each activity.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

(h) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the time of the transaction. No balances are held in foreign currencies.

(i) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised. Depreciation is charged on fixed assets at rates calculated to write off their cost evenly as follows:

Freehold land and buildings	nil
Leasehold properties (lease term remaining greater than 100 years)	nil
Leasehold properties (lease term remaining under 100 years)	over the period of the lease
Fixtures, fittings and office equipment	over 3 to 5 years
Computer systems and software	over 2 to 3 years

The College has adopted an accounting policy of capitalising borrowing costs that are directly attributable to the construction of the new building.

Freehold land and buildings are not depreciated since they are about to undergo a substantial redevelopment. No depreciation is charged on work in progress.

Leasehold properties where the lease term remaining is in excess of 100 years are not depreciated as the College has a policy of maintaining them in such a condition that their value is not impaired by the passage of time. The trustee board is of the opinion that any provision for depreciation would not be material and that the property is worth at least its book value.

As explained in note 14, heritage assets have not been capitalised or depreciated as no reliable value can be attributed.

(j) Operating leases

Instalments under operating lease commitments arising in the year are included in the Statement of Financial Activities for the year in which they arise.

(k) Stocks

These are stated at the lower of cost and net realisable value.

(l) Funds accounting

Funds held by the College are:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustee Board.

Designated funds - these are funds set aside by the Trustee Board out of unrestricted general funds for specific future purposes or projects.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the College. Restrictions arise when specified by the donor or where funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

(m) Pension scheme

The College is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The College accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability to be recognised by The College in respect of the deficit contributions due to SAUL (i.e. the present value of the deficit contributions is £98,284 as at 30 June 2016. This liability is based on a projection of salaries over the period to 31 March 2018.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

(n) Research Grants

Grants payable and receivable are recognised in the statement of financial activities in the period to which the grant relates and where conditions relating to the grant have been fulfilled.

(o) Fixed asset investments

Fixed asset investments are included at closing mid-market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

(p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(q) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

(r) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

2. Trading income and expenditure

RCPATH Trading Limited

The College owns 100% of RCPATH Trading Limited (Company number 04535296). The main activities of the company are to undertake various trading activities of the College. The company supplies consultancy services under the trading name of RCPATH consulting. It's other activities are in abeyance whilst the College is in temporary accommodation pending the new property redevelopment. It will donate its taxable profits to the College under gift aid. Trading results extracted from its audited accounts are as follows:

Profit & Loss account	2016 £	2015 £
Turnover	11,401	38,265
Cost of sales and administrative expenses	8,361	35,809
Net profit	3,040	2,456
Payable under gift aid to The Royal College of Pathologists	3,040	2,456
Profit retained in RCPATH Trading Limited	Nil	Nil
Balance sheet	2016 £	2015 £
Debtors	6,026	462
Cash at bank	2,187	497
	8,213	959
Creditors: amounts falling due within one year	(8,113)	(859)
Net assets	100	100
Share capital	100	100
Profit and loss account	-	-
Capital and reserves at 30 June	100	100

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

3. Detailed comparatives for the statement of financial activities in 2015

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 30 June 2015 £
Income and endowments from				
Donations & legacies	5,929	-	-	5,929
Income from charitable activities				
Subscriptions	2,753,407	-	-	2,753,407
Postgraduate education & examinations	1,130,672	-	105,000	1,235,672
International development	17,893	-	120,000	137,893
Conferences & academic activities	131,439	-	-	131,439
Professional standards	35,046	-	13,800	48,846
Clinical effectiveness	-	-	74,695	74,695
Communications & public engagement	8,876	-	751	9,627
Income from trading activities	38,265	-	-	38,265
Investment income	194,848	-	7,258	202,106
Other income	28,400	-	-	28,400
Surplus on disposal of functional property	-	22,100,179	-	22,100,179
Total income	4,344,775	22,100,179	321,504	26,766,458
Expenditure				
Raising funds	35,927	-	-	35,927
Expenditure on charitable activities				
Postgraduate education & examinations	1,393,635	-	2,353	1,395,988
International development	319,786	53,907	178,143	551,836
Conferences & academic activities	181,434	-	-	181,434
Research	-	-	(4,936)	(4,936)
Professional standards	418,660	-	3,752	422,412
Clinical effectiveness	204,556	7,525	237,920	450,001
Workforce	232,132	-	-	232,132
Clinical Leadership	-	-	31,500	31,500
Communications & public engagement	929,692	180,590	9,125	1,119,407
Education centre	216,824	-	-	216,824
Advisory committees	517,845	-	-	517,845
Total expenditure	4,450,491	242,022	457,857	5,150,370
Net income before investment gains/(losses)	(105,716)	21,858,157	(136,353)	21,616,088
Net gains/(losses) on investments	84,274	-	28,572	112,846
Net income / (expenditure)	(21,442)	21,858,157	(107,781)	21,728,934
Transfers between funds	348,727	(349,592)	865	-
Net movement in funds	327,285	21,508,565	(106,916)	21,728,934
Reconciliation of funds:				
Total funds brought forward	10,297,650	3,278,669	764,191	14,340,510
Total funds carried forward	10,624,935	24,787,234	657,275	36,069,444

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

4. Investment income

	Unrestricted Funds £	Restricted Funds £	2016 £	2015 £
Bank deposit interest	80,750	502	81,252	56,017
Income from UK listed investments	120,240	5,226	125,466	124,666
Income from overseas listed investments	26,373	1,537	27,910	21,423
	<u>227,363</u>	<u>7,265</u>	<u>234,628</u>	<u>202,106</u>

5. Donations & Legacies

	2016 £	2015 £
Legacies	2,500	-
College members	1,863	2,924
Other donations	2,441	3,005
	<u>6,804</u>	<u>5,929</u>

6. Staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2016 £	2015 £
The total cost of salaries and wages were		
Salaries and wages	2,124,471	2,099,867
Redundancy and termination costs	17,740	-
Social security costs	186,981	176,479
Pension contributions	362,173	238,173
	<u>2,691,365</u>	<u>2,514,519</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2016 No.	2015 No.
£60,001 - £70,000	1	1
£120,001 - £130,000	1	1

Contributions were made to a defined benefit pension scheme amounting to £26,525 (2015 - £24,355) in respect of the staff noted above.

The key management personnel of the charity comprise the trustees, the Chief Executive and the 4 senior managers. The total employee remuneration of the key management personnel amounted to £370,432 (2015 - £369,997).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2015 - £Nil). No charity trustee received payment for professional or other services supplied to the charity (2015 - £Nil).

Travel, subsistence and accommodation costs incurred amounting to £69,298 (2015 - £70,332) were reimbursed to 12 (2015 - 10) members of the Trustee Board.

7. Staff numbers

The average number of full time equivalent employees for the year, analysed by activity was as follows:

	2016 No.	2015 No.
Postgraduate education & examinations	16.9	16.5
Conferences & academic activities	1.9	1.5
Professional standards	5.8	6.8
Clinical effectiveness	2.5	2.4
Advisory committees	6.3	5.0
Communications & public relations	11.5	10.8
Workforce	4.4	3.2
Education centre	0.0	3.5
International development	4.8	4.5
	<u>54.1</u>	<u>54.2</u>

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

8. Total expenditure	Direct Costs £	Staff Costs £	Support Costs £	Total 2016 £	Total 2015 £
Fundraising trading: costs of goods sold	7,651	-	-	7,651	35,927
Postgraduate education & examinations	482,377	806,816	365,110	1,654,303	1,395,988
International development	235,937	243,327	97,960	577,224	551,836
Conferences & academic activities	67,957	96,434	39,676	204,067	181,434
Research	7,403	-	-	7,403	(4,936)
Professional standards	20,045	280,980	105,478	406,503	422,412
Clinical Effectiveness	15,758	148,342	69,436	233,536	450,001
Workforce	6,632	210,712	96,345	313,689	232,132
Clinical leadership	-	-	-	-	31,500
Communications & public engagement	443,993	594,787	241,325	1,280,105	1,119,407
Education centre	-	-	-	-	216,824
Advisory committees	168,101	309,967	148,402	626,470	517,845
Total for the year ended 30 June 2016	1,455,854	2,691,365	1,163,732	5,310,951	5,150,370
Total for the year ended 30 June 2015	1,590,850	2,514,519	1,045,001	5,150,370	

9. Net incoming resources for the year

This is stated after charging:	2016 £	2015 £
Depreciation	250,301	212,411
Operating lease rentals - land and buildings	218,302	159,989
Auditor's remuneration - external audit	7,500	7,500
Auditor's remuneration - payroll bureau services	4,481	4,064
Auditor's remuneration - other services	-	840
Trustee liability indemnity insurance	1,077	1,060

10. Related party transactions

The College's trading subsidiary, RCPATH Trading Limited, under the trading name of RCPATH Consulting, provides consultancy services where an authoritative independent view is required on the provision of high quality pathology services, advice on the commissioning or tendering of pathology services, advice on the reconfiguring of pathology services or advice as part of an option appraisal process. A panel of suitably qualified advisors has been recruited following an open recruitment process available to all individuals who meet the person specification. The process for recruitment of advisors includes the completion of an application form and a panel interview. Not all applicants are successful. The panel of advisors includes some current or former trustees of the College and the amounts paid to such advisors was as follows:

		2016 £	2015 £
Dr Rachael Liebmann	Trustee	-	700
Prof Peter Furness	Former trustee	7,500	700

11. Pensions

The College participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and is contracted-out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on either a Final Salary basis or a Career Average Revalued Earnings ("CARE") basis. Following a consultation with Members, the SAUL Final Salary Section will close from 31 March 2016 and all Members will build up benefits on a CARE basis from 1 April 2016.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

11. Pensions (continued)

The College is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Funding Policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed in November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 21 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the Employers' contributions will, therefore, increase from 13% of Salaries to 16% of Salaries with effect from 1 April 2016.

12. Allocation of costs

Support costs as per note 8 above, can be broken down by activity, as follows:

	Information technology £	Finance £	Secretariat £	Premises £	Total £
Trading operations	-	-	-	-	-
Postgraduate education & examinations	64,769	39,044	21,542	239,755	365,110
International development	17,248	10,395	5,736	64,581	97,960
Conferences & academic activities	7,174	4,338	2,394	25,770	39,676
Professional standards	19,166	11,541	6,368	68,403	105,478
Clinical effectiveness	12,630	7,612	4,200	44,994	69,436
Workforce	17,494	10,559	5,826	62,466	96,345
Communications & public engagement	43,736	26,357	14,542	156,690	241,325
Advisory committees	25,946	15,634	8,626	98,196	148,402
Total support costs				1,163,732	

The basis of allocation of support costs is as follows:

Information technology costs have been allocated on the basis of the number of computers used by each department. Finance costs, secretariat costs and premises costs have been allocated on the basis of the headcount.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

12. Allocation of costs (continued)

Salary costs as per note 8 above can be further analysed as follows:

	Directly Attributable £	HR, Payroll & IT £	Finance £	Secretariat £	Premises £	Total £
Trading operations	-	-	-	-	-	-
Postgraduate education & examination	552,084	59,160	92,115	61,413	42,044	806,816
International development	180,586	14,533	22,794	15,086	10,328	243,327
Conferences & academic activities	70,309	6,065	9,454	6,296	4,310	96,434
Professional standards	210,756	16,135	25,873	16,749	11,467	280,980
Clinical effectiveness	102,403	10,642	16,687	11,047	7,563	148,342
Workforce	147,182	14,761	22,954	15,324	10,491	210,712
Communications & public engagement	435,254	36,847	58,250	38,250	26,186	594,787
Advisory committees	215,094	21,856	34,796	22,688	15,533	309,967
Total salary costs						2,691,365

The basis of allocation of salary costs is as follows:

Information technology costs have been allocated on the basis of the number of computers used by each department.

Finance costs, secretariat costs, premises costs and HR & payroll costs have been allocated on the basis of the headcount.

13. Taxation

As a registered charity the College is exempt from corporation tax since all income is applied for charitable purposes.

14. Tangible fixed assets

Group and College	Building in construction £	Freehold Property £	Leasehold Properties £	Computer Systems & Software £	Fixtures, Fittings & Equipment £	Total £
Cost						
At 1 July 2015	268,807	14,939,848	1,045,796	466,434	166,374	16,887,259
Additions	2,312,139	-	-	148,095	7,394	2,467,628
Disposals	-	-	-	(116,043)	-	(116,043)
At 30 June 2016	2,580,946	14,939,848	1,045,796	498,486	173,768	19,238,844
Depreciation						
At 1 July 2015	-	-	77,735	300,155	67,777	445,667
Provided in year	-	-	103,647	113,994	32,660	250,301
Disposals	-	-	-	(116,043)	-	(116,043)
At 30 June 2016	-	-	181,382	298,106	100,437	579,925
Net book value At 30 June 2016	2,580,946	14,939,848	864,414	200,380	73,331	18,658,919
Net book value At 30 June 2015	268,807	14,939,848	968,061	166,279	98,597	16,441,592

The College's freehold building will be undergoing a substantial redevelopment which will commence in late 2016, and be completed in the second half of 2018. No depreciation will be charged on the building and its additions until the redevelopment is complete. The addition of £2,312,139 includes finance costs of £120,000.

In addition to the capitalised fixed assets held for the Charity's own use, the College also has a number of assets on trust for retention in perpetuity as a permanent record of the College's history. These comprise a unique collection of paintings depicting the College's 16 Presidents since its founding in 1962, together with a library collection and other artefacts whose intrinsic value is also bound up with the College's history. These are irreplaceable originals to which no reliable cost or value can be attributed and accordingly these assets have not been capitalised in the financial statements.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

15. Investments

	Group		College	
	2016 £	2015 £	2016 £	2015 £
Market value at 1 July 2015	5,718,260	5,404,381	5,718,360	5,404,481
Additions at cost	1,041,438	846,242	1,041,438	846,242
Disposals at market value	(1,005,072)	(645,209)	(1,005,072)	(645,209)
Net (loss) / gain on revaluation	120,814	112,846	120,814	112,846
Market value at 30 June 2016	<u>5,875,440</u>	<u>5,718,260</u>	<u>5,875,540</u>	<u>5,718,360</u>
Historical cost at 30 June 2016	<u>4,474,091</u>	<u>4,468,946</u>	<u>4,474,191</u>	<u>4,469,046</u>
Investments at market value comprised:				
UK listed fixed interest securities	329,898	424,735	329,898	424,735
UK listed equity shares	2,061,038	1,913,570	2,061,038	1,913,570
UK listed investment trusts and unit trusts	1,933,886	1,390,414	1,933,886	1,390,414
Overseas listed fixed interest securities	241,232	205,002	241,232	205,002
Overseas listed investment trusts and unit trusts	1,309,386	1,784,539	1,309,386	1,784,539
Unlisted investments	-	-	100	100
Market value as at 30 June 2016	<u>5,875,440</u>	<u>5,718,260</u>	<u>5,875,540</u>	<u>5,718,360</u>

Unlisted investments at cost comprise:

	2016 £	2015 £
RCPATH Trading Limited - 100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

The College owns 100% of the ordinary share capital of RCPATH Trading Limited which has been consolidated as a subsidiary undertaking throughout.

16. Stocks

Group and College	2016 £	2015 £
Memorabilia for resale	6,774	7,576
Wines	1,784	1,784
	<u>8,558</u>	<u>9,360</u>

17. Debtors

	Group		College	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	10,225	2,294	7,119	2,294
Prepayments and accrued income	163,459	173,328	163,458	173,328
Other debtors	182,028	137,165	182,028	137,165
VAT recoverable	99,213	27,328	99,213	27,328
	<u>454,925</u>	<u>340,115</u>	<u>451,818</u>	<u>340,115</u>

18. Creditors

	Group		College	
	2016 £	2015 £	2016 £	2015 £
Amounts falling due within one year				
Deferred income (note 19)	1,923,070	1,684,319	1,923,070	1,684,319
Trade Creditors	288,691	271,920	288,691	261,982
Other creditors	64,663	56,587	64,663	66,524
Taxation and social security	61,030	52,063	61,030	52,063
Accruals	148,873	95,937	140,760	95,078
Amounts due to subsidiary undertaking	-	-	2,920	462
	<u>2,486,327</u>	<u>2,160,826</u>	<u>2,481,134</u>	<u>2,160,428</u>

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

19. Deferred income	2016	2015
Group and College	£	£
Balance at 1 July 2015	1,684,319	1,705,517
Amount released to incoming resources	(1,684,319)	(1,705,517)
Amount deferred in the year	1,923,070	1,684,319
	<u>1,923,070</u>	<u>1,684,319</u>
Balance as at 30 June 2016	<u>1,923,070</u>	<u>1,684,319</u>

Deferred income comprises income from subscriptions, trainee registration, examinations, conferences and continuing professional development, received in advance, that will form part of incoming resources during the following financial year.

20. Provisions for liabilities and charges	2016	2015
Group and College	£	£
Commitments outstanding at the start of the year	100,000	75,000
New commitments charged to the SOFA during the year	-	25,000
	<u>100,000</u>	<u>100,000</u>
Amount of commitments at 30 June 2016	<u>100,000</u>	<u>100,000</u>
Timing of commitments		
Commitments payable after one year	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Amount of commitments at 30 June 2016	<u>100,000</u>	<u>100,000</u>

The above liability relates to the dilapidations clause in the College's lease of its short term premises which requires the complete removal of the fittings installed by the College and the redecoration and repairs to the space to bring the area back to the agreed schedule of condition accepted by both parties prior to the College's occupation of the premises.

21. Total Funds	Balance at	Incoming	Outgoing	Transfers	Gains and	Balance at
Group and College	1 July 2015	Resources	Resources		Losses	30 June 2016
	£	£	£	£	£	£
Restricted funds						
Research Pool Fund	52,249	131	(7,403)	-	-	44,977
Oliver Memorial Fund	123,853	2,704	(1,664)	-	485	125,378
Bhagwan Singh Fund	41,606	1,523	(5,000)	-	4	38,133
Flynn Lecture Fund	56,666	762	(508)	-	1,724	58,644
Kohn Memorial Fund	31,048	1,234	(641)	-	535	32,176
Developmental Pathology Fund	17,167	580	-	-	(41)	17,706
Medical Examiner Training Fund	97,352	244	-	-	-	97,596
Quality in Pathology Fund	6,508	16	(1,610)	-	-	4,914
E-learning Project Fund	130,000	-	-	-	-	130,000
Death Certification Project Fund	27,032	68	-	-	-	27,100
HSST Curricula Project	11,755	-	-	(11,755)	-	-
Lab Skills Africa Fund	53,787	105,850	(155,341)	(4,231)	-	65
International Challenge Events Fund	-	6,384	(2,991)	-	-	3,393
Public Engagement Fund	6,906	150	(2,628)	-	-	4,428
Furness Prize Fund	1,346	3	(200)	-	-	1,149
Neera Patel Memorial Fund	-	1,000	(1,000)	-	-	-
	<u>657,275</u>	<u>120,649</u>	<u>(178,986)</u>	<u>(15,986)</u>	<u>2,707</u>	<u>585,659</u>
Unrestricted Funds						
Designated Property Fund	24,509,299	104,574	-	4,354,344	-	28,968,217
Designated Cancer Reporting Fund	88,525	-	(8,181)	-	-	80,344
Designated International Fund	69,743	-	(25,816)	-	-	43,927
Designated Public Engagement Fund	16,893	-	(16,893)	-	-	-
Designated Website Fund	35,324	-	(35,324)	125,000	-	125,000
Designated E-learning Fund	65,000	-	-	-	-	65,000
Designated Allergy Book Fund	2,450	-	(2,450)	-	-	-
General unrestricted fund	<u>10,624,935</u>	<u>4,618,131</u>	<u>(5,043,301)</u>	<u>(4,463,358)</u>	<u>118,107</u>	<u>5,854,514</u>
Total Funds	<u>36,069,444</u>	<u>4,843,354</u>	<u>(5,310,951)</u>	<u>-</u>	<u>120,814</u>	<u>35,722,661</u>

An explanation as to the nature of the restricted and designated funds is given in note 22 to these accounts.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

22. Restricted and designated funds

The Research Pool Fund was established in 1995 to promote research in pathology.

The Oliver Memorial Fund was established to perpetuate the name of Percy Lane Oliver, by providing an annual national award for service to blood transfusion, and for the furtherance of knowledge relating to the principles and practices of blood transfusion.

The Bhagwan Singh Fund was established in 1982 to sponsor occasional visits between the UK and Malaysia, to promote Malaysian pathology.

The Flynn Lecture Fund was established in 1998 to fund an annual lecture in clinical biochemistry. The 2016 lecture was given by Professor Sir Stephen Bloom as part of the Association for Clinical Biochemistry's annual meeting in Warwick.

The Kohn Memorial Fund was established in 1987 to fund an annual lecture mainly in clinical biochemistry. The 2015 lecture was given by Professor Luigi Naldini at the September meeting of the British Society of Toxicological Pathologists.

The Developmental Pathology Fund was established in July 2004 as a gift from the Developmental Pathology Society to fund an occasional named "Emery" lecture in paediatric pathology. The 2016 lecture was given by Lindsey Allen at the Development Pathology conference in June.

The Medical Examiner Training Fund was established by grant in aid from the Department of Health (England) to support the development of e-learning materials for medical examiners of the cause of death.

The Quality in Pathology Fund was established on the winding up of the CPA Trust Limited. Its remaining assets were gifted to the College to operate, organise and promote quality and efficiency in pathology and pathology laboratories.

The E-learning Project Fund was established to fund the provision of electronic learning for pathology consultants and trainees, and is supported by grant in aid from e-Learning for Healthcare, part of Health Education England.

The Death Certification Project Fund was established by grant in aid from the Department of Health (England) to fund the costs of the project management of the revision to the death certification system.

The HSST Curricula Project was established by a grant from the Department of Health to fund the production of curricula for healthcare scientists in 10 pathology disciplines.

Labskills Africa is a two year project being lead by the College in partnership with the College of Pathologists of East, Central and Southern Africa and the British Division of International Academy of Pathology to improve laboratory medicine services in sub-Saharan Africa. The programme is funded through the Health Partnership Scheme which is funded by the UK Department for International Development and managed by the Tropical Health & Education Trust.

The International Challenge Events Fund was established to raise funds for the College's international development projects

The Public Engagement fund was established by way of a prize awarded by The Royal Society to Dr Suzy Lishman for her work on behalf of the College on public engagement and is available for the College's public engagement work.

The Furness Prize fund was established in 2010 to fund an annual prize in science communication in relation to pathology.

The Neera Patel Memorial Fund was established by way of gift from the family of the late Neera Patel to provide funds to support a named College lecture in Neera's name and also a travelling bursary award for trainees in head, neck or breast pathology. The inaugural lecture was given by Professor Jorge Reis-Filho at the BDIAP - Pathological Society breast pathology symposium in Nottingham, held in June.

The designated property fund was established following the disposal of the College's functional property at 2 Carlton House Terrace to hold the proceeds of sale that will be required to fund the acquisition and redevelopment of the College's new headquarters building.

The designated cancer reporting fund was established to fund the College's share of the commitment to the International Collaboration on Cancer Reporting, of which the College is a member of a quadripartite alliance formed in 2011 to pursue global harmonisation of cancer datasets for pathology reporting. The ICCR has been incorporated as a not for profit organisation and the College is a foundation member.

The designated international fund was established to hold the balance of unspent funds on projects committed by the College supporting the development of laboratory medicine in low income countries, together with the cost of the Director of International Affairs.

The designated public engagement fund was established to fund the salaries of the public engagement staff, together with other costs for the pathology public engagement programme, including national pathology week.

The designated website fund was established to fund the work on developing the College's new website. The transfer during the year represents the expected costs of managing the implementation of phase 2 of the project.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

22. Restricted and designated funds (continued)

The designated e-learning fund was established to support the development of electronic learning materials for pathology where the balance on the restricted fund would be insufficient to cover the cost of production of the e-learning content.

The designated allergy book fund was established to pump prime the production of a book about plant allergies that would appeal to the general public, resultant from demand shown at the College's Chelsea Flower Show scientific exhibition.

23. Analysis of net assets between funds

Group and College	Tangible fixed assets £	Investments £	Net current assets £	Total £
Restricted Funds				
Research Pool Fund	-	-	44,977	44,977
Oliver Memorial Fund	-	122,779	2,599	125,378
Bhagwan Singh Fund	-	35,923	2,210	38,133
Flynn Lecture Fund	-	54,286	4,358	58,644
Kohn Memorial Fund	-	27,496	4,680	32,176
Developmental Pathology Fund	-	15,502	2,204	17,706
Medical Examiner Training Fund	-	-	97,596	97,596
Quality in Pathology Fund	-	-	4,914	4,914
E-Learning Project Fund	-	-	130,000	130,000
Death Certification Project Fund	-	-	27,100	27,100
Labskills Africa Fund	-	-	65	65
International Challenge Events Fund	-	-	3,393	3,393
Public Engagement Fund	-	-	4,428	4,428
Furness Prize Fund	-	-	1,149	1,149
	-	255,986	329,673	585,659
Unrestricted Funds				
Designated Property Fund	17,520,794	3,449,023	7,998,400	28,968,217
Designated Cancer Reporting Fund	-	-	80,344	80,344
Designated International Fund	-	-	43,927	43,927
Designated Website & Digital Strategy Fund	-	-	125,000	125,000
Designated E-learning Fund	-	-	65,000	65,000
General Unrestricted Fund	1,138,125	2,170,431	2,545,958	5,854,514
	18,658,919	5,875,440	11,188,302	35,722,661

24. Non contractual capital commitment

As described in the fixed asset note above the College has purchased a freehold building at 6-8 Alie Street, London E1. The trustee board have agreed to undertake a substantial redevelopment of these premises in order to provide facilities to enable the College to use the property as its functional headquarters building. The works will start in July 2016 and are estimated to be completed towards the end of 2018. As at the balance sheet date the contract for the demolition of the existing building has been entered into in the sum of £730,000. The contract for the main build will be entered into during the ensuing financial year. The total project cost including demolition, construction, fit out and professional and other fees is likely to be in the order of £26 million.

25. Operating lease commitments

The College had an annual commitment in respect of operating leases as follows:

	2016 £	2015 £
Leases which expire between 2 and 5 years - land and buildings	217,978	217,978

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2016

26. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 30 June 2016 £	Total Funds 30 June 2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(425,172)	15,910	(58,337)	(467,599)	21,616,088
Adjustments for:					
Depreciation charges	250,301	-	-	250,301	212,411
(Gains)/losses on investments	0	0	0	0	0
Dividends and interest	(227,363)	-	(7,265)	(234,628)	(202,106)
Loss/(profit) on the sale of fixed assets	-	(104,574)	-	(104,574)	(22,100,179)
(Increase)/decrease in stocks	802	-	-	802	1,840
(Increase)/decrease in debtors	(115,013)	-	205	(114,808)	(124,461)
Increase/(decrease) in creditors	418,537	-	5,248	423,785	77,656
Net cash provided by / (used in) operating activities	<u>(97,908)</u>	<u>(88,664)</u>	<u>(60,149)</u>	<u>(246,721)</u>	<u>(518,751)</u>

27. Analysis of cash and cash equivalents

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 30 June 2016 £	Total Funds 30 June 2015 £
Cash in hand	4,755,354	8,312,669	341,407	13,409,430	15,820,943
Notice deposits	-	-	-	-	-
Overdraft facility repayable on demand	-	-	-	-	-
Cash and cash equivalents carried forward at 30 June	<u>4,755,354</u>	<u>8,312,669</u>	<u>341,407</u>	<u>13,409,430</u>	<u>15,820,943</u>